

Message Text

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13-11

ORIGIN XMB-04

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 OPIC-06 SP-02

CIEP-02 OMB-01 /061 R

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ARA/NC:TWSONANDRES

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R 270213Z JAN 76

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS

UNCLAS STATE 019782

FOR JOHN MILLS

E.O. 11652: N/A

TAGS: EGEN

SUBJ: CVG - EDELCA, GURI (CONTRACT NO. 102-95) SALE OF FOUR (4)

GENERATORS, EXCITERS AND SERVICES VALUED AT DOLS 44,440,000

U.S.

1. FURTHER TO OUR TELEX TO THE FONDO DE INVERSIONES DE VENEZUELA (VIF) DATED DECEMBER 24, 1975 (A COPY OF WHICH WAS POUCHED TO EMBASSY). EXIMBANK, ON 1-23-76 TELEXED THE FOLLOWING MESSAGE TO THE V.I.F.

2. QUOTE "FURTHER TO OUR TELEX OF DECEMBER 24, 1975. THE U.S. SUPPLIER, GENERAL ELECTRIC, HAS EXPRESSED CONCERN THAT A FINANCING COMMITMENT FROM FONDO DE INVERSIONES DE VENEZUELA FOR 60 PERCENT OF THE COST OF THE EQUIPMENT WILL NOT BE AVAILABLE BY FEBRUARY 17, 1976 WHEN GENERAL ELECTRIC MUST SUBMIT ITS BID TO CVG - EDELCA. G.E. BELIEVES THAT UNLESS IT OFFERS A COMPREHENSIVE FINANCING PACKAGE BY THAT DATE, ITS BID WILL NOT BE

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GIVEN SERIOUS CONSIDERATION.

WE THEREFORE WOULD BE INTERESTED IN KNOWING IF YOU HAVE CONSIDERED THIS MATTER AND COULD GIVE US SOME INDICATION AS TO YOUR INSTITUTION'S POSITION TOWARDS THIS FINANCING. AS FEBRUARY 17, 1976 IS CLOSE AT HAND, WE WOULD APPRECIATE YOUR COMMENTS AS SOON AS POSSIBLE SO THAT ALL FINANCING ARRANGEMENTS CAN BE COMPLETED." END QUOTE.

3. AS YOU CAN SEE, G.E. IS CONCERNED THAT APPROPRIATE FINANCING MAY NOT BE AUTHORIZED BY THE V.I.F. IN TIME TO MEET THE BID DEADLINE. SECONDLY, WE ARE AWARE OF THE FACT THAT THE JAPANESE ARE OFFERING 85 PERCENT FINANCING FOR THIS SAME PROJECT. AS A RESULT, WE ARE CONCERNED THAT IF EXIMBANK ISSUES A P.C. ON A 10 PERCENT CASH, 30 PERCENT EXIMBANK, 60 PERCENT V.I.F. BASIS AND THE V.I.F. DOES NOT SUPPORT THE TRANSACTION, G.E. WOULD BE LEFT COMPETING AT A SEVERE DISADVANTAGE.

4. WE WOULD LIKE TO REQUEST THAT YOU FOLLOW UP OUR TELEX WITH EITHER MR. HERBERTO URDANETO, DIRECTOR GENERAL OR NELSON RODRIGUEZ, PROJECT DIRECTOR TO DETERMINE (1) IF THEY ARE GIVING THIS TRANSACTION SERIOUS CONSIDERATION AND (2) IF A FINANCING COMMITMENT WOULD BE AVAILABLE BY THE FEBRUARY 17, 1976 BID DATE. IF YOU HAVE ANY QUESTIONS, PLEASE CALL EITHER ROBERT SIMONINI AT 202-382-2720 OR EDWARD J. O'CONNOR, V.P. AT 202-382-2786. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, ELECTRIC GENERATORS, CONTRACTS, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 27 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE019782
Document Source: CORE
Document Unique ID: 00
Drafter: XMB:RRSIMONINI:SLV
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760030-0422
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760117/aaaaaoka.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN XMB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: izenbei0
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAY 2004 by barnescd>; APPROVED <28 JAN 2005 by izenbei0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CVG - EDELCA, GURI (CONTRACT NO. 102-95) SALE OF FOUR (4) GENERATORS, EXCITERS AND SERVICES VALUED AT DOLS 44,440,000
TAGS: EGEN, VE, GENERAL ELECTRIC
To: CARACAS
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006